

Article 3A.

North Carolina Regional Reciprocal Savings and Loan Acquisition Act.

§ 54B-48.1. Title.

This Article shall be known and may be cited as the North Carolina Regional Reciprocal Savings and Loan Acquisition Act. (1983 (Reg. Sess., 1984), c. 1087, s. 1.)

§ 54B-48.2. Definitions.

Notwithstanding the provisions of G.S. 54B-4, as used in this Article, unless the context requires otherwise:

- (1) "Acquire", as applied to an association or a savings and loan holding company, means any of the following actions or transactions:
 - a. The merger or consolidation of an association with another association or savings and loan holding company or a savings and loan holding company with another savings and loan holding company.
 - b. The acquisition of the direct or indirect ownership or control of voting shares of an association or savings and loan holding company if, after the acquisition, the acquiring association or savings and loan holding company will directly or indirectly own or control more than five percent (5%) of any class of voting shares of the acquired association or savings and loan holding company.
 - c. The direct or indirect acquisition of all or substantially all of the assets of an association or savings and loan holding company.
 - d. The taking of any other action that would result in the direct or indirect control of an association or savings and loan holding company.
- (2) "Commissioner of Banks" means the Commissioner of Banks.
- (3) "Association" means a mutual or capital stock savings and loan association, building and loan association or savings bank chartered under the laws of any one of the states or under the laws of the United States.
- (4) "Branch office" means any office at which an association accepts deposits. The term branch office does not include:
 - a. Unmanned automatic teller machines, point-of-sale terminals, or similar unmanned electronic banking facilities at which deposits may be accepted;
 - b. Offices located outside the United States; and
 - c. Loan production offices, representative offices, service corporation offices, or other offices at which deposits are not accepted.
- (5) "Company" means that which is set forth in the Federal Savings and Loan Holding Company Act, 12 U.S.C. Section 1730a(a)(1)(C), as amended.
- (6) "Control" means that which is set forth in the Federal Savings and Loan Holding Company Act, 12 U.S.C. Section 1730a(a)(2), as amended.
- (7) "Deposits" means all demand, time, and savings deposits, without regard to the location of the depositor: Provided, however, that "deposits" shall not include any deposits by associations. For purposes of this Article, determination of deposits shall be made with reference to regulatory reports of condition or similar reports made by or to State and federal regulatory authorities.

- (8) "Federal association" means an association chartered under the laws of the United States.
- (9) "North Carolina association" means an association organized under the laws of the State of North Carolina or under the laws of the United States and that:
 - a. Has its principal place of business in the State of North Carolina;
 - b. Which if controlled by an organization, the organization is either a North Carolina association, Southern Region association, North Carolina savings and loan holding company, or a Southern Region savings and loan holding company; and
 - c. More than eighty percent (80%) of its total deposits, other than deposits located in branch offices acquired pursuant to Section 123 of the Garn-St. Germain Depository Institutions Act of 1982 (12 U.S.C. 1730a(m)) or comparable state law, are in its branch offices located in one or more of the Southern Region states.
- (10) "North Carolina Savings and Loan Holding Company" means a savings and loan holding company that:
 - a. Has its principal place of business in the State of North Carolina;
 - b. Has total deposits of its Southern Region association subsidiaries and North Carolina association subsidiaries that exceed eighty percent (80%) of the total deposits of all association subsidiaries of the savings and loan holding company other than those association subsidiaries held pursuant to Section 123 of the Garn-St. Germain Depository Institutions Act of 1982 (12 U.S.C. 1730a(m)) or comparable state law.
- (11) "Principal place of business" of an association means the state in which the aggregate deposits of the association are the largest. For the purposes of this Article, the principal place of business of a savings and loan holding company is the state where the aggregate deposits of the association subsidiaries of the holding company are the largest.
- (12) "Savings and loan holding company" means any company which directly or indirectly controls an association or controls any other company which is a savings and loan holding company.
- (13) "Service Corporation" means any corporation, the majority of the capital stock of which is owned by one or more associations and which engages, directly or indirectly, in any activities which may be engaged in by a service corporation in which an association may invest under the laws of one of the states or under the laws of the United States.
- (14) "Southern Region association" means an association other than a North Carolina association organized under the laws of one of the Southern Region states or under the laws of the United States and that:
 - a. Has its principal place of business only in a Southern Region state other than North Carolina;
 - b. Which if controlled by an organization, the organization is either a Southern Region association or a Southern Region savings and loan holding company; and
 - c. More than eighty percent (80%) of its total deposits, other than deposits located in branch offices acquired pursuant to Section 123 of the

Garn-St. Germain Depository Institutions Act of 1982 (12 U.S.C. 1730a(m)) or comparable state law, are in its branch offices located in one or more of the Southern Region states.

- (15) "Southern Region savings and loan holding company" means a savings and loan holding company that:
 - a. Has its principal place of business in a Southern Region state other than the State of North Carolina;
 - b. Has total deposits of its Southern Region association subsidiaries and North Carolina association subsidiaries that exceed eighty percent (80%) of the total deposits of all association subsidiaries of the savings and loan holding company other than those association subsidiaries held pursuant to Section 123 of the Garn-St. Germain Depository Institutions Act of 1982 (12 U.S.C. 1730a(m)) or comparable state law.
- (16) "Southern Region states" means the states of Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, South Carolina, Tennessee, Virginia, West Virginia, and the District of Columbia.
- (17) "State" means any state of the United States and the District of Columbia.
- (18) "State association" means an association organized under the laws of one of the states.
- (19) "Subsidiary" means that which is set forth in the Federal Savings and Loan Holding Company Act, 12 U.S.C. Section 1730a(a)(1)(H), as amended. (1983 (Reg. Sess., 1984), c. 1087, s. 1; 1989, c. 76, s. 15; 1989 (Reg. Sess., 1990), c. 806, s. 3; 2001-193, s. 16.)

§ 54B-48.3. Acquisitions by Southern Region savings and loan holding companies and Southern Region associations.

(a) A Southern Region savings and loan holding company or a Southern Region association that does not have a North Carolina association subsidiary (other than a North Carolina association subsidiary that was acquired either pursuant to Section 123 of the Garn-St. Germain Depository Institutions Act of 1982 (12 U.S.C. 1730a(m)), or comparable provisions in state law, or in the regular course of securing or collecting a debt previously contracted in good faith) may acquire a North Carolina savings and loan holding company or a North Carolina association with the approval of the Commissioner of Banks. The Southern Region savings and loan holding company or Southern Region association shall submit to the Commissioner of Banks an application for approval of such acquisition, which application shall be approved only if:

- (1) The Commissioner of Banks determines that the laws of the state in which the Southern Region savings and loan holding company or Southern Region association making the acquisition has its principal place of business permit North Carolina savings and loan holding companies and North Carolina associations to acquire associations and savings and loan holding companies in that state;
- (2) The Commissioner of Banks determines that the laws of the state in which the Southern Region savings and loan holding company or Southern Region association making the acquisition has its principal place of business permit such Southern Region savings and loan holding company or Southern Region

association to be acquired by the North Carolina savings and loan holding company or North Carolina association sought to be acquired;

- (3) The Commissioner of Banks determines either that the North Carolina association sought to be acquired has been in existence and continuously operating for more than five years or that all of the association subsidiaries of the North Carolina savings and loan holding company sought to be acquired have been in existence and continuously operating for more than five years: Provided, that the Commissioner of Banks may approve the acquisition by a Southern Region savings and loan holding company or Southern Region association of all or substantially all of the shares of an association organized solely for the purpose of facilitating the acquisition of an association that has been in existence and continuously operating as an association for more than five years; and
- (4) The Commissioner of Banks makes the acquisition subject to any conditions, restrictions, requirements or other limitations that would apply to the acquisition by a North Carolina savings and loan holding company or North Carolina association of an association or savings and loan holding company in the state where the Southern Region savings and loan holding company or Southern Region association making the acquisition has its principal place of business but that would not apply to the acquisition of an association or savings and loan holding company in such state by an association or a savings and loan holding company all the association subsidiaries of which are located in that state;
- (5) With respect to acquisitions involving the merger or consolidation of two associations resulting in a Southern Region association, the application includes a business plan extending for an initial period of at least three years from the date of the acquisition which shall be renewed thereafter for as long as may be required by the Commissioner of Banks. The association may not deviate without the prior written approval of the Commissioner of Banks from the business plan which shall address such matters as the Commissioner of Banks may deem appropriate for the protection of the depositors and members of the acquired North Carolina association and the general public. The business plan shall address, without limitation:
 - a. Insurance of depositors' accounts.
 - b. Limitation of services and activities to those permitted under this Chapter to North Carolina associations.
 - c. Conversion of corporate form or other fundamental changes.
 - d. Closing, selling or divesting any or all North Carolina branches.
 - e. Protection of the voting rights of North Carolina members.

(b) A Southern Region savings and loan holding company or Southern Region association that has a North Carolina association subsidiary (other than a North Carolina association subsidiary that was acquired either pursuant to Section 123 of the Garn-St. Germain Depository Institutions Act of 1982 (12 U.S.C. 1730a(m)), or comparable provisions in North Carolina law, or in the regular course of securing or collecting a debt previously contracted in good faith) may acquire any North Carolina association or North Carolina savings and loan holding company with the approval of the Commissioner of Banks. The Southern Region savings and loan holding company

shall submit to the Commissioner of Banks an application for approval of such acquisition, which application shall be approved only if:

- (1) The Commissioner of Banks determines either that the North Carolina association sought to be acquired has been in existence and continuously operating for more than five years or that all of the association subsidiaries of the North Carolina savings and loan holding company sought to be acquired have been in existence and continuously operating for more than five years: Provided, that the Commissioner of Banks may approve the acquisition by a Southern Region savings and loan holding company or Southern Region association of all or substantially all of the shares of an association organized solely for the purpose of facilitating the acquisition of an association that has been in existence and continuously operating as an association for more than five years; and
- (2) The Commissioner of Banks makes the acquisition subject to any conditions, restrictions, requirements or other limitations that would apply to the acquisition by the North Carolina savings and loan holding company or North Carolina association of an association or savings and loan holding company in the State where the Southern Region savings and loan holding company or Southern Region association making the acquisition has its principal place of business but that would not apply to the acquisition of an association or savings and loan holding company in such state by a savings and loan holding company all the association subsidiaries of which are located in that state.
- (3) With respect to acquisitions involving the merger or consolidation of two associations resulting in a Southern Region association, the application includes a business plan extending for an initial period of at least three years from the date of the acquisition which shall be renewed thereafter for as long as may be required by the Commissioner of Banks. The association may not deviate without the prior written approval of the Commissioner of Banks from the business plan which shall address such matters as the Commissioner of Banks may deem appropriate for the protection of the depositors and members of the acquired North Carolina association and the general public. The business plan shall address, without limitation:
 - a. Insurance of depositors' accounts.
 - b. Limitation of services and activities to those permitted under this Chapter to North Carolina associations.
 - c. Conversion of corporate form or other fundamental changes.
 - d. Closing, selling or divesting any or all North Carolina branches.
 - e. Protection of the voting rights of North Carolina members.

(b1) A North Carolina savings and loan holding company or a North Carolina association may acquire any Southern Region association or Southern Region savings and loan holding company with the approval of the Commissioner of Banks. The North Carolina savings and loan holding company or North Carolina association shall submit to the Commissioner of Banks an application for approval of the acquisition, which application shall be approved only if the application includes a business plan extending for an initial period of at least three years from the date of the acquisition which shall be renewed thereafter for as long as may be required by the Commissioner of Banks. The association may not deviate without the prior written approval of the

Commissioner of Banks from the business plan which shall address such matters as the Commissioner of Banks may deem appropriate for the protection of the depositors and members of the North Carolina association and the general public. The business plan shall address, without limitation:

- (1) Insurance of depositors' accounts.
- (2) Conversion of corporate form or other fundamental changes.
- (3) Closing, selling, or divesting any or all North Carolina branches.

(c) The Commissioner of Banks shall rule on any application submitted under this section not later than 90 days following the date of submission of a complete application. If the Commissioner of Banks fails to rule on the application within the requisite 90-day period, the failure to rule shall be deemed a final decision of the Commissioner of Banks approving the application. (1983 (Reg. Sess., 1984), c. 1087, s. 1; 1989 (Reg. Sess., 1990), c. 806, s. 4; 2001-193, s. 16.)

§ 54B-48.4. Exceptions.

A North Carolina savings and loan holding company, a North Carolina association, a Southern Region savings and loan holding company, or a Southern Region association may acquire or control, and shall not cease to be a North Carolina savings and loan holding company, a North Carolina association, a Southern Region savings and loan holding company, or a Southern Region association, as the case may be, by virtue of its acquisition or control of:

- (1) An association having branch offices in a state not within the region, if such association has been acquired pursuant to the provisions of Section 123 of the Garn-St. Germain Depository Institutions Act of 1982 (12 U.S.C. 1730a(m)), or comparable provisions of state law;
- (2) An association which is not a Southern Region association if such association has been acquired in the regular course of securing or collecting a debt previously contracted in good faith, and if the association or savings and loan holding company divests the securities or assets acquired within two years of the date of acquisition. A North Carolina association, a North Carolina savings and loan holding company, or a Southern Region association may retain these interests for up to three additional periods of one year if the Commissioner of Banks determines that the required divestiture would create undue financial difficulties for that association or savings and loan holding company. (1983 (Reg. Sess., 1984), c. 1087, s. 1; 2001-193, s. 16.)

§ 54B-48.5. Prohibitions.

(a) Except as may be expressly permitted by federal law, no savings and loan holding company that is not either a North Carolina savings and loan holding company or a Southern Region savings and loan holding company shall acquire a North Carolina savings and loan holding company or a North Carolina association.

(b) Except as required by federal law, a North Carolina savings and loan holding company or a Southern Region savings and loan holding company that ceases to be a North Carolina savings and loan holding company or a Southern Region savings and loan holding company shall as soon as practicable and, in all events, within one year after such event divest itself of control of all North Carolina savings and loan holding companies and all North Carolina associations: Provided,

however, that such divestiture shall not be required if the North Carolina savings and loan holding company or the Southern Region savings and loan holding company ceases to be a North Carolina savings and loan holding company or a Southern Region savings and loan holding company, as the case may be, because of an increase in the deposits held by association subsidiaries not located within the region and if such increase is not the result of the acquisition of an association or savings and loan holding company. Provided further that nothing in this Article shall be construed to permit interstate branching by associations nor to require the divestiture of a North Carolina association or a North Carolina savings and loan holding company by a savings and loan holding company which acquired its subsidiary North Carolina association or North Carolina savings and loan holding company prior to the effective date of this Article. Nor shall anything in this Article be construed to prohibit any savings and loan holding company which has acquired a North Carolina association or North Carolina savings and loan holding company prior to the effective date of this Article from acquiring additional North Carolina associations or North Carolina savings and loan holding companies. Nor shall anything in this Article be construed to limit the authority of the Commissioner of Banks pursuant to G.S. 54B-44. (1983 (Reg. Sess., 1984), c. 1087, s. 1; 2001-193, s. 16.)

§ 54B-48.6. Applicable laws, rules and regulations.

(a) Any North Carolina association that is controlled by a savings and loan holding company that is not a North Carolina savings and loan holding company shall be subject to all laws of this State and all rules and regulations under such laws that are applicable to North Carolina associations that are controlled by North Carolina savings and loan holding companies.

(b) The Commissioner of Banks may promulgate rules, including the imposition of a reasonable application and administration fee, to implement and effectuate the provisions of this Article. (1983 (Reg. Sess., 1984), c. 1087, s. 1; 2001-193, s. 16.)

§ 54B-48.7. Appeal of Commissioner of Banks' decision.

Notwithstanding any other provision of law, any aggrieved party in a proceeding under G.S. 54B-48.3 or G.S. 54B-48.4(2) may, within 30 days after final decision of the Commissioner of Banks and by written notice to the Commissioner of Banks, appeal directly to the North Carolina Court of Appeals for judicial review on the record. In the event of an appeal, the Commissioner of Banks shall certify the record to the Clerk of the Court of Appeals within 30 days after filing of the appeal. (1983 (Reg. Sess., 1984), c. 1087, s. 1; 2001-193, s. 16.)

§ 54B-48.8. Periodic reports; interstate agreements.

(a) The Commissioner of Banks may from time to time require reports under oath in such scope and detail as he may reasonably determine of each Southern Region savings and loan holding company or Southern Region association subject to this Article for the purpose of assuring continuing compliance with the provisions of this Article.

(b) The Commissioner of Banks may enter into cooperative agreements with other savings and loan regulatory authorities for the periodic examination of any Southern Region savings and loan holding company or Southern Region association that has a North Carolina association subsidiary and may accept reports of examination and other records from such authorities in lieu of conducting its own examinations. The Commissioner of Banks may enter into joint actions with other savings and loan regulatory authorities having concurrent jurisdiction over any Southern

Region savings and loan holding company or Southern Region association that has a North Carolina association subsidiary or may take such actions independently to carry out his responsibilities under this Chapter and assure compliance with the provisions of this Article and the applicable laws of this State. (1983 (Reg. Sess., 1984), c. 1087, s. 1; 2001-193, s. 16.)

§ 54B-48.9. Enforcement.

The Commissioner of Banks shall have the power to enforce the provisions of this Article, including the divestiture requirement of G.S. 54B-48.5(b), through an action in any court of this State or any other state or in any court of the United States for the purpose of obtaining an appropriate remedy for violation of any provision of this Article, including such criminal penalties as are contemplated by G.S. 54B-66. (1983 (Reg. Sess., 1984), c. 1087, s. 1; 2001-193, s. 16.)

§§ 54B-49 through 54B-51. Reserved for future codification purposes.